



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WAYNE COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WAYNE COUNTY CLERK

Calendar Year 2000

The Auditor of Public Accounts has completed the Wayne County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Fee account balances decreased by \$36,192 from the prior calendar year, resulting in a cash surplus of \$100,938 as of December 31, 2000. Revenues increased by \$81,040 from the prior year and disbursements increased by \$114,984.

Lease Obligation:

The County Clerk is committed to a lease agreement with Xerox for a copier. The agreement requires a monthly payment of \$275 for 60 months. The total balance of the agreement is \$13,422 as of December 31, 2000. The lease agreement can be terminated after each twelve-month period.

Grant:

The County Clerk was awarded a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$19,000. The County Clerk received \$10,000 of this grant during calendar year 2000. The remaining \$9,000 due on the grant will be received during calendar year 2001.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable Carol Jones, Wayne County Clerk
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Wayne County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable Carol Jones, Wayne County Clerk
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In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 19, 2001

WAYNE COUNTY
CAROL JONES, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

CALENDAR YEAR 2000

Receipts

State Grants	\$	9,400
State Fees For Services		9,748
Fiscal Court		9,948

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	426,352
Usage Tax		852,770
Tangible Personal Property Tax		959,573
Lien Fees		4,736

Licenses-

Fish and Game	5,536
Marriage	6,831
Occupational	1,270

Deed Transfer Tax	40,363
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Delinquent Tax	47,452	2,344,883
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	17,849
Real Estate Mortgages		21,034
Chattel Mortgages and Financing Statements		71,368
Powers of Attorney		1,295
All Other Recordings		18,676

Charges for Other Services-

Candidate Filing Fees	1,250
Copywork	3,801
Faxes	225
	135,498

Other:

Recycling License Plates	\$	21
Refunds		3,878
Overpayments		134
Cash Drawer		200
Repayment of Loan Made to 2001 Fee Account		5,000
Loan Received From 1999 Fee Account		5,000
Miscellaneous		213
		14,446

Interest Earned	\$	3,064
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Gross Receipts	\$	2,526,987
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The accompanying notes are an integral part of the financial statements.

WAYNE COUNTY
 CAROL JONES, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	323,205	
Usage Tax		825,671	
Tangible Personal Property Tax		363,301	

Licenses, Taxes, and Fees-

Fish and Game		5,383	
Delinquent Tax		7,219	
Legal Process Tax		21,266	
Candidate Filing Fees		630	
		<u>630</u>	\$ 1,546,675

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	74,459	
Delinquent Tax		5,215	
Deed Transfer Tax		38,344	
Occupational Licenses		1,092	
Reimbursement of Tax Bills		<u>1,948</u>	121,058

Payments to Other Districts:

Tangible Personal Property Tax	\$	483,783	
Delinquent Tax		<u>21,061</u>	504,844

Payments to Sheriff 1,099

Payments to County Attorney 7,137

State Grant:

Library and Archives Grant Expenditures 9,400

The accompanying notes are an integral part of the financial statements

WAYNE COUNTY
 CAROL JONES, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 139,413	
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Contracted Services-

Printing and Binding - PVA	4,062	
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Recording Indexing	1,700	
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Maintenance Agreements	328	
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Materials and Supplies-

Office Supplies	1,025	
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Other Charges-

Conventions and Travel	2,081	
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Dues	550	
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Postage	282	
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Insurance Deductible	1,000	
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Refunds	5,526	
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Capital Outlay-

Computer Equipment and Software	2,264	\$ 158,231
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Debt Service:

Loan to Subsequent Year and Prior Year Loan Paid	\$ 10,000	
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Cash Drawer	200	
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Copier Lease	3,105	13,305
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Total Disbursements		<u>\$ 2,361,749</u>
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Net Receipts		\$ 165,238
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Less: Statutory Maximum	\$ 59,306	
Training Incentive	1,394	<u>60,700</u>

Excess Fees		\$ 104,538
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Less: Expense Allowance		<u>3,600</u>
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Excess Fees Due County for Calendar Year 2000		\$ 100,938
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Payments to County Treasurer - December 14, 2000	\$ 90,000	
March 15, 2001	10,500	
December 19, 2001	438	<u>100,938</u>

Balance Due at Completion of Audit		<u><u>\$ 0</u></u>
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The accompanying notes are an integral part of the financial statements

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months and 7.17 percent for the last six months of the calendar year.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk was awarded a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$19,000. The County Clerk received \$10,000 of this grant during calendar year 2000. The grant earned interest of \$24 and funds totaling \$9,400 were expended during the year. The unexpended grant cash balance is \$624 as of December 31, 2000. The remaining \$9,000 due on the grant will be received during calendar year 2001.

Note 5. Lease

The office of the County Clerk is committed to a lease agreement with Xerox for a copier. The agreement requires a monthly payment of \$275 for 60 months to be completed on January 16, 2005. The total balance of the agreement is \$13,422 as of December 31, 2000. This lease can be terminated after each twelve-month period. The County Clerk was in compliance with terms of the agreement as of December 31, 2000.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Wayne County Clerk for the year ended December 31, 2000, and have issued our report thereon dated December 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett, Jr.", with a stylized, cursive script.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 19, 2001

